

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
CALIFORNIA

Eduardo Felix v. Frank Bisignano, Commissioner of Social Security

Felix v. Bisignano · No. 1:20-cv-1774 JLT BAM · Decided September 25, 2025

SUMMARY

The United States District Court for the Eastern District of California declines to adopt the magistrate judge’s findings and recommendations, grants Eduardo Felix’s appeal, and remands his Social Security disability action for further proceedings under sentence four of 42 U.S.C. § 405(g). The court concludes that the ALJ failed to provide legally sufficient reasons for discounting Felix’s subjective symptom testimony and the opinion of his treating licensed clinical social worker. The court also addresses additional evidence submitted to the Appeals Council.

CASE DETAILS

COURT	United States District Court for the Eastern District of California
JURISDICTION	United States District Court for the Eastern District of California
DECIDED	September 25, 2025
DOCKET	1:20-cv-1774 JLT BAM
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Plaintiff sought judicial review under 42 U.S.C. § 405(g) of the Commissioner's final decision denying Social Security disability benefits. After a magistrate judge issued findings and recommendations recommending affirmance, Plaintiff objected and the district court conducted de novo review.
STANDARD OF REVIEW	The district court conducted de novo review of the portions of the magistrate judge's findings and recommendations to which Plaintiff objected under 28 U.S.C. § 636(b)(1). The court reviewed the Commissioner's decision for compliance with applicable legal standards and substantial-evidence support. Unobjected portions of the findings and recommendations would be reviewed for clear error.
PRECEDENTIAL VALUE	nonprecedential
PARTIES	Eduardo Felix v. Frank Bisignano, Commissioner of Social Security

TOPICS

judicial review of agency action

administrative law

civil procedure

remedies

PRACTICE AREAS

Social Security disability

administrative law

federal civil procedure

QUESTIONS PRESENTED

1. Whether the ALJ provided legally sufficient clear and convincing reasons supported by substantial evidence for rejecting Plaintiff's subjective symptom testimony.
2. Whether the ALJ provided germane reasons for assigning little weight to the opinion of Marian Carapezza, a licensed clinical social worker.
3. Whether the Appeals Council's treatment of Plaintiff's additional evidence required the district court to include that evidence in reviewing the Commissioner's decision.

HOLDINGS

1. The ALJ failed to provide legally sufficient clear and convincing reasons for rejecting Plaintiff's subjective statements concerning the severity of his symptoms.
2. The ALJ failed to provide germane reasons for assigning little weight to the opinion of Marian Carapezza, an LCSW.
3. Because the Appeals Council stated that it had looked at, but did not exhibit or formally consider, the additional evidence, the district court could not consider that evidence in reviewing the ALJ's decision.

KEY QUOTATIONS

"The clear and convincing standard is the most demanding required in Social Security cases." (Section V.A)

"Thus, an ALJ must identify 'specific reasons for the weight given to the individual's symptoms,' in a manner 'sufficiently specific to allow a reviewing court to conclude the ALJ rejected the claimant's testimony on permissible grounds and did not arbitrarily discredit the claimant's testimony.'" (Section V.A)

"The matter is REMANDED pursuant to sentence four of 42 U.S.C. § 405(g) for further proceedings consistent with this decision." (Conclusion and Order)

FACTUAL BACKGROUND

Plaintiff applied for Title II Social Security disability benefits, alleging disability beginning June 1, 2015, based primarily on major depressive disorder, anxiety disorder, PTSD, and gambling addiction. The ALJ found that Plaintiff retained the residual functional capacity for work at all exertional levels with limitations to simple routine tasks, limited social contact, and five percent off-task time, and concluded that jobs existed in significant numbers in the national economy. Plaintiff submitted post-decision opinions from Joy Anne Rodriguez, M.D., and Jeffrey Fay, MSN, PMHNP, to the Appeals Council. The district court concluded that the ALJ inadequately evaluated Plaintiff's subjective symptom testimony and the opinion of therapist Marian Carapezza, an LCSW.

PROCEDURAL HISTORY

The administrative law judge found Plaintiff not disabled at step five of the Social Security Act's sequential evaluation. Plaintiff submitted additional evidence to the Appeals Council, which stated that the evidence did not show a reasonable probability of changing the outcome and did not exhibit it. The magistrate judge recommended affirming the Commissioner's decision. The district court declined to adopt the findings and recommendations, granted Plaintiff's motion to remand, denied the Commissioner's request to affirm, and remanded for further proceedings under sentence four of 42 U.S.C. § 405(g).

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remanded pursuant to sentence four of 42 U.S.C. § 405(g) for further proceedings consistent with the decision, including proper evaluation of Plaintiff's subjective statements and Marian Carapezza's opinion. The Clerk was directed to enter judgment for Plaintiff and close the case.

CASES CITED

- Dawson v. Marshall, 561 F.3d 930, 932
- United States v. Thrift, 2024 WL 1655093, at *1 (E.D. Cal. Apr. 27, 2024)
- Lingenfelter v. Astrue, 504 F.3d 1028, 1035-36
- Bunnell v. Sullivan, 947 F.2d 341, 344, 348
- Fair v. Bowen, 885 F.2d 597, 603
- Thomas v. Barnhart, 278 F.3d 947, 958-59
- Parra v. Astrue, 481 F.3d 742, 751
- Block v. Berryhill, 2018 WL 1567814, at *5 (E.D. Cal. Mar. 31, 2018)
- Moon v. Colvin, 139 F. Supp. 3d 1211, 1220 (D. Or. 2015)
- Candice C. v. Saul, 2019 WL 5865610, at *4 (C.D. Cal. Nov. 8, 2019)
- Drawn v. Berryhill, 728 Fed. App'x 637, 642
- Rebeka M. v. Dudek, 2025 WL 756939, at *7 (D. Or. Mar. 10, 2025)
- Turner v. Dudek, 2025 WL 1532116, at *6 (E.D. Cal. May 27, 2025)
- Saltzman v. Commissioner of Social Security, 2019 WL 6683130, at *14 (E.D. Cal. Dec. 6, 2019)
- Hiler v. Astrue, 687 F.3d 1208, 1212
- Burch v. Barnhart, 400 F.3d 676, 681
- Molina v. Astrue, 674 F.3d 1104, 1111-12
- Morgan v. Commissioner of Social Security Administration, 169 F.3d 595, 600
- Moisa v. Barnhart, 367 F.3d 882, 885-86
- Delegates v. Berryhill, 766 Fed. App'x 477, 480
- Valentine v. Commissioner of Social Security Administration, 574 F.3d 685, 694
- Green v. Berryhill, 731 Fed. App'x 596, 599

- Bayliss v. Barnhart, 427 F.3d 1211, 1211
- Feeney v. Colvin, 2014 WL 463798, at *7 (E.D. Cal. Feb. 4, 2014)
- Noa v. Berryhill, 2018 WL 1696819, at *7-8 (N.D. Cal. Apr. 6, 2018)
- Brewes v. Commissioner of Social Security Administration, 682 F.3d 1157, 1163
- Amor v. Berryhill, 743 Fed. App'x 145, 146
- Hensley v. Commissioner of Social Security, 2022 WL 891289, at *11, *13 (E.D. Cal. Mar. 25, 2022), aff'd, 2023 WL 4700635 (9th Cir. July 24, 2023)
- Matias v. Saul, 2021 WL 531238, at *5 n.10 (D. Haw. Feb. 12, 2021)
- Harman v. Apfel, 211 F.3d 1172, 1178
- INS v. Ventura, 537 U.S. 12, 16
- Dodrill v. Shalala, 12 F.3d 915, 919

OPINION

Eduardo Felix v. Frank Bisignano, Commissioner of Social Security

PER CURIAM.

1 2 3 4 5 6 7

8 UNITED STATES DISTRICT COURT

9 EASTERN DISTRICT OF CALIFORNIA

10 11 EDUARDO FELIX, Case No. 1:20-cv-1774 JLT BAM 12 Plaintiff, ORDER DECLINING
THE FINDINGS AND

RECOMMENDATIONS, GRANTING

13 PLAINTIFF'S APPEAL, DENYING

DEFENDANT'S REQUEST TO AFFIRM,

14 v. AND REMANDING THE ACTION FOR

FURTHER PROCEEDINGS PURSUANT TO

15 FRANK BISIGNANO, SENTENCE FOUR OF 42 U.S.C. § 405(g)

Commissioner of Social Security¹,

16 ORDER DIRECTING ENTRY OF

Defendant. JUDGMENT IN FAVOR OF PLAINTIFF

17 EDUARDO FELIX AND AGAINST

DEFENDANT FRANK BISIGNANO,

18 COMMISSIONER OF SOCIAL SECURITY

19 (Docs. 18, 21, & 23) 20 Eduardo Felix seeks judicial review of a final decision denying his
application benefits 21 under Title II of the Social Security Act. (Docs. 1, 18.) Plaintiff asserts the
administrative law 22 judge erred in evaluating the record, and the Appeals Council erred by
failing to admit and 23 consider additional evidence submitted by Plaintiff after the ALJ issued her
decision. (Doc. 18.) 24 The Commissioner contends the decisions of the ALJ and the Appeals
Council were proper. 25 (Doc. 21.) For the reasons set forth below, Plaintiff's appeal is

GRANTED, and the matter is REMANDED for further proceedings pursuant to sentence four of 42 U.S.C. § 405(g). 1 Frank Bisignano became the Commissioner of Social Security on May 6, 2025. Pursuant to Rule 25(d) of the 28 Federal Rules of Civil Procedure, the Court substitutes Frank Bisignano as the defendant in this action. 1 I. Decisions of the ALJ and Appeals Council 2 The ALJ evaluated Plaintiff's application using the five-step sequential evaluation set 3 forth in 20 C.F.R. § 404.1520. (Doc. 12-3 at 24-35.) First, the ALJ determined Plaintiff did not 4 engage in substantial gainful activity since the alleged onset date of June 1, 2015. (Id. at 26.) At 5 step two, the ALJ determined Plaintiff had the following medically determinable impairments: 6 "major depressive disorder, anxiety disorder, posttraumatic stress disorder ('PTSD'), and 7 gambling addiction." (Id. at 27.) At step three, the ALJ found Plaintiff's impairments did not 8 meet or medically equal a Listing. (Id. at 27-29.) Next, the ALJ found: 9 [T]he claimant has the residual functional capacity to perform a range of work at all exertional levels. He is limited to remembering 10 and carrying out simple, routine tasks and making simple work-related decisions. He cannot perform production pace tasks with 11 strict hourly goals. He can have occasional contact with supervisors and brief, incidental contact with co-workers and the general public. 12 The claimant would be off-task five percent of the workday. 13 (Doc. 12-3 at 29.) At step four, the ALJ noted that the vocational expert testified that Plaintiff's 14 "military work experience cannot readily be classified into any occupation listed in the Dictionary 15 of Occupational Titles." (Id. at 33.) Therefore, the ALJ indicated she proceeded with the 16 sequential evaluation "as though the [plaintiff] has no past relevant work." (Id.) With the 17 identified RFC, the ALJ found at step five that "there are jobs that exist in significant numbers in 18 the national economy that the claimant can perform." (Id. at 34.) The ALJ concluded at step five 19 that Plaintiff was not disabled as defined by the Social Security Act. 20 Following the ALJ's decision, Plaintiff submitted additional evidence to the Appeals 21 Council, including: (1) a physical medical source statement from Joy Anne Rodriguez, M.D., and 22 (2) a mental residual functional capacity questionnaire from Jeffrey Fay, MSN, PMHNP. (See

23 Doc. 12-3 at 7.) The Appeals Council found "this evidence does not show a reasonable 24 probability that it would change the outcome of the decision." (Id.) The Appeals Council "did 25 not exhibit this evidence," and "found no reason" to review the ALJ's decision. (Id. at 6, 7.) 26 II. Issues Raised 27 Plaintiff contends that the ALJ "failed to offer legitimate reasons for rejecting Plaintiff's 28 subjective complaints," which resulted in exclusion of his work-related limitations from the 1 residual functional capacity. (Doc. 18 at 7; see also id. at 7-11.) He asserts the ALJ also erred in 2 weighing the opinion of Marian Carapezza, Plaintiff's therapist, because the ALJ "failed to set 3 forth a germane reason for rejecting her opinion." (Id. at 11; see also id. at 11-13.) Finally, 4 Plaintiff argues that "the Appeals Council incorrectly determined that additional evidence 5 submitted by Plaintiff was not material and therefore erroneously failed to consider the additional 6 evidence." (Id. at 13.) Plaintiff contends these errors by the ALJ and Appeals Council warrant a 7 "remand[]" for further proceedings including a de novo hearing and new decision." (Id. at 15.) 8

III. Findings and Recommendations 9 The magistrate judge found the ALJ identified clear and convincing reasons to reject 10 Plaintiff's subjective complaints. (Doc. 23 at 4-10.) The magistrate judge determined that the 11 ALJ considered the following factors: (1) the lack of supporting medical evidence, (2) "Plaintiff's 12 work record and activities of daily living," and (3) "Plaintiff's conservative treatment." (Id. at 5- 13 9.) Upon consideration of these factors, the magistrate judge determined that "the ALJ did not err 14 in discounting Plaintiff's symptom testimony." (Id.) 15 Next, the magistrate judge found the ALJ properly addressed the opinion of Marian 16 Carapezza, a licensed clinical social worker. (Doc. 23 at 10-12.) The magistrate judge observed 17 that "[u]nder the regulations then-applicable to Plaintiff's claims," the ALJ was required to 18 identify germane reasons to discount Ms. Carapezza's opinion. (Id. at 10-11.) The magistrate 19 judge determined the ALJ carried this burden, because the ALJ "offered the germane reason of 20 inconsistency with objective medical evidence for assigning little weight to [Ms.] Carapezza's 21 opinion." (Id.) To the extent Plaintiff argued that the ALJ rejected the opinion because Ms. 22 Carapezza based it upon Plaintiff's self-reports, the magistrate judge opined "the ALJ did not 23 solely discount the opinion because it was based upon self-reporting, but because it was 24 inconsistent with the objective medical evidence." (Id. at 12, n.4.) 25 Turning to the actions of the Appeals Council, the magistrate judge found "Plaintiff's 26 argument that this case should be remanded to the ALJ so that he may consider the new evidence 27 from Dr. Rodriguez and Nurse Fay is misplaced." (Doc. 23 at 14.) The magistrate judge stated, 28 "The Appeals Council has already considered this evidence and found that it does not provide a 1 basis for changing the ALJ's decision." (Id., citing AR 6 [Doc. 12-3 at 7].) Therefore, the 2 magistrate judge considered "this evidence in reviewing the administrative record." (Id.) In 3 doing so, the magistrate judge found "a review of the record reveals that Dr. Rodriguez's and 4 Nurse Fay's statements do not undermine the ALJ's decision." (Id.; see also id. at 14-17.) The 5 magistrate judge opined, "While the statements from Dr. Rodriguez and Nurse Fay are relevant 6 and material to the extent the Appeals Council included them in the record, the ALJ's findings are 7 nonetheless supported by substantial evidence when this evidence is considered in the context of 8 the entire record." (Id. at 17.) Consequently, the magistrate judge found Plaintiff's new evidence 9 and the Appeals Council's analysis were not a basis for remand. (Id.) 10 IV. Objections and Response 11 Plaintiff filed timely objections to the Findings and Recommendations, maintaining the 12 decision to deny benefits "contains errors of law and is not supported by substantial evidence as 13 required by 42 U.S.C. § 405(g)." (Doc. 26 at 1.) 14 Plaintiff objects to the finding of the magistrate judge that the ALJ did not err in 15 evaluating his subjective complaints. (Id. at 2-7.) Plaintiff contends "the ALJ mischaracterizes 16 the Plaintiff's reports of daily activities as extreme," because the only activities he identified 17 included doing yard work, walking around the neighborhood, and attending a session of 18 Gambler's Anonymous. (Id. at 3.) He maintains that although the ALJ referred to the notations 19 by treatment providers that Plaintiff was independent with activities of daily living, there are no 20 specific findings as to how the activities are inconsistent with his

testimony. (Id. at 3-4.) Plaintiff 21 also contends that the ALJ erred in considering Plaintiff's lack of intent to work. (Id.) Finally, 22 Plaintiff argues the ALJ erred in finding his "impairments were controlled effectively with 23 conservative treatment." (Id. at 7; see also id. at 5-7.) 24 Plaintiff also disputes the magistrate judge's determination that the ALJ identified 25 germane reasons to discount the opinion of Ms. Carapezza. (Doc. 26 at 8-9.) Plaintiff argues the 26 magistrate judge erred in finding the ALJ properly identified inconsistency with the objective 27 medical evidence was a germane reason for discounting the opinion, because "the ALJ does not 28 actually cite any objective evidence that reflects such inconsistency." (Id. at 8, citing AR 31-32 1 [Doc. 12-3 at 32-33].) Instead, Plaintiff asserts the treatment notes identified "reflect significant 2 abnormalities consistent with Plaintiff's reports." (Id. at 8.) 3 The Commissioner filed a response to Plaintiff's objections, asserting the Court should 4 adopt the Findings and Recommendations. (Doc. 27.) According to the Commissioner, 5 "[s]ubstantial evidence supports the ALJ's findings" regarding Plaintiff's testimony, "and 6 Plaintiff offers no compelling argument as to how the ALJ erred or why this Court should not 7 adopt the Recommendations affirming the ALJ's decision regarding the evaluation of Plaintiff's 8 subjective complaints." (Id. at 2.) The Commissioner also contends that "the Magistrate Judge 9 correctly concluded[] the ALJ did not err by according little weight to LCSW Carapezza's 10 opinion because it was inconsistent with objective findings on clinical examination." (Id.) The 11 Commissioner asserts that contrary to Plaintiff's assertions, the ALJ and magistrate judge cited 12 objective medical evidence reflecting such inconsistencies, including "the lack of treatment 13 records demonstrating deficits in attention or concentration." (Id., quoting Doc. 23 at 12.) 14 V. Discussion and Analysis 15 A district judge may "accept, reject or modify, in whole or in part, the findings and 16 recommendations..." 28 U.S.C. § 636(b)(1). If a party files objections, "the court shall make a de 17 novo determination of those portions of the report or specified proposed finding or 18 recommendations to which objection is made." Id. A de novo review requires the Court to 19 "consider[] the matter anew, as if no decision had been rendered." *Dawson v. Marshall*, 561 F.3d 20 930, 932 (9th Cir. 2009). In contrast, where no objection is made, that Court reviews that portion 21 of the Findings and Recommendations "for clear error." See *United States v. Thrift*, 2024 WL 22 1655093, at *1 (E.D. Cal. Apr. 27, 2024) (citing Fed. R. Civ. P. 72(b)). 23 A. Plaintiff's subjective complaints 24 In evaluating a claimant's statements regarding the severity of his symptoms, an ALJ must 25 determine first whether objective medical evidence shows an underlying impairment "which 26 could reasonably be expected to produce the pain or other symptoms alleged." *Lingenfelter v. 27 Astrue*, 504 F.3d 1028, 1035-36 (9th Cir. 2007) (quoting *Bunnell v. Sullivan*, 947 F.2d 341, 344 28 (9th Cir. 1991)). Second, if there is no evidence of malingering, the ALJ must set forth clear and 1 convincing reasons for rejecting subjective complaints. Id. at 1036. An ALJ may consider many 2 factors to assess a claimant's statements, including, for example: (1) the objective medical 3 evidence, (2) the claimant's reputation for truthfulness, (3) inconsistencies in testimony or 4 between testimony and conduct, (4) the claimant's daily activities, (5) an unexplained, or 5 inadequately explained,

failure to seek treatment or follow a prescribed course of treatment, and 6 (6) testimony from physicians about the nature, severity, and effect of the symptoms of reported 7 by a claimant. *Fair v. Bowen*, 885 F.2d 597, 603 (9th Cir. 1989); see also *Thomas v. Barnhart*, 8 278 F.3d 947, 958-59 (9th Cir. 2002). 9 The ALJ found Plaintiff’s “medically determinable impairments could reasonably be 10 expected to cause symptoms of the nature alleged,” and did not identify evidence of malingering. 11 (Doc. 12-3 at 30.) Therefore, the ALJ was required to identify clear and convincing reasons for 12 rejecting Plaintiff’s testimony. The ALJ opined Plaintiff’s “statements concerning the intensity, 13 persistence and limiting effects of these symptoms are not entirely consistent with the medical 14 evidence and other evidence in the record...”. (Id.) The parties dispute whether the reasons 15 identified by the ALJ to reject Plaintiff’s subjective statements—namely, the objective medical 16 evidence, the treatment received, Plaintiff’s work record, and activities of daily living—are “clear 17 and convincing” reasons supported by substantial evidence to reject Plaintiff’s subjective 18 statements. (Doc. 18 at 7-11; Doc. 21 at 5-8.) 19 1. Treatment received 20 When evaluating a claimant’s subjective statements, the ALJ may consider “the type, 21 dosage, effectiveness, and side effects of any medication.” 20 C.F.R. §§ 404.1529(c), 416.929(c). 22 The treatment a claimant received, especially when conservative, is a legitimate consideration in 23 evaluating a plaintiff’s subjective complaints. *Parra v. Astrue*, 481 F.3d 742, 751 (9th Cir. 2007) 24 (“Evidence of ‘conservative treatment’ is sufficient to discount a claimant’s testimony regarding 25 severity of an impairment”). Importantly, “the fact that treatment may be routine or conservative 26 is not a basis for finding subjective symptom testimony unreliable absent discussion of the 27 additional, more aggressive treatment options the ALJ believes are available.” *Block v. Berryhill*, 28 2018 WL 1567814 at *5 (E.D. Cal. Mar. 31, 2018) (quoting *Moon v. Colvin*, 139 F. Supp. 3d 1 1211, 1220 (D. Or. 2015)). Thus, an ALJ errs in rejecting subjective complaints on these grounds 2 where she fails “failed to explain why [the treatment] is routine or conservative or what more 3 aggressive treatment was available and appropriate for Plaintiff.” *Candice C. v. Saul*, 2019 WL 4 5865610 at *4 (C.D. Cal. Nov. 8, 2019). 5 Summarizing the medical evidence, the ALJ acknowledged that Plaintiff “was admitted 6 for inpatient psychiatric care four years ago, from June 24 to June 30, 2025.” (Doc. 12-3 at 31.) 7 The ALJ indicated that “otherwise his mental impairments have been managed with case 8 management, individual therapy, group support, and medication management, such as the use of 9 bupropion and venlafaxine.” (Id.) The ALJ opined: “[Plaintiff] has not been recommended for 10 greater treatment measures reasonably consistent with the degree of limitation he alleged. Rather, 11 he has been prescribed routine, conservative care since July 2015...” (Id.) 12 Importantly, the ALJ does not appear to acknowledge that Plaintiff’s inpatient psychiatric 13 treatment occurred during the adjudicated period. (See Doc. 12-3 at 31.) Such treatment is plainly 14 not conservative. Likewise, the ALJ erred in evaluating the treatment Plaintiff received because 15 his psychiatric medication—including bupropion and venlafaxine (Effexor)—is not conservative 16 treatment. See, e.g., *Drawn v. Berryhill*, 728 Fed. App’x 637, 642 (9th Cir. 2018) (finding an 17 “ALJ

improperly characterized [the claimant's] treatment as 'limited and conservative' given that 18 she was prescribed a number of psychiatric medications"); *Rebeka M. v. Dudek*, 2025 WL 19 756939, at *7 (D. Or. Mar. 10, 2025) ("prescription of psychiatric medications generally is not 20 considered a conservative treatment for a mental impairment"); see also *Turner v. Dudek*, 2025 21 WL 1532116, at *6 (E.D. Cal. May 27, 2025) (finding the ALJ erred in finding the claimant 22 received conservative care where the medication included Effexor and klonopin); *Saltzman v. 23 Comm'r of Soc. Sec.*, 2019 WL 6683130, at *14 (E.D. Cal. Dec. 6, 2019) (finding the plaintiff's 24 treatment was not conservative where the "mental health treatment involve[d] powerful 25 prescription medications" including bupropion). 26 Moreover, although the ALJ indicated Plaintiff was not "recommended for greater 27 treatment measures reasonably consistent with the degree of limitation he alleged" (Doc. 12-3 at 28 31), the ALJ did not identify any additional treatment that she believed was available. Without 1 further findings, the ALJ erred in rejecting Plaintiff's subjective statements on these grounds. See, 2 e.g., *Candice C.*, 2019 WL 5865610 at *4; *Calleres v. Comm'r of Soc. Sec.*, 2020 WL 4042904 at 3 *5 (E.D. Cal. July 17, 2020) (concluding a claimant's conservative treatment was not a clear and 4 convincing reason for discounting testimony where the ALJ did not identify any additional 5 "treatment that is available for such impairments ... that the [claimant] did not use"). 6 Given the failure to acknowledge that Plaintiff's inpatient care occurred during the 7 adjudicated period, the mischaracterization of Plaintiff's treatment as conservative, and failure to 8 identify the "greater treatment measures" the ALJ believed were available, the Court is unable to 9 find the treatment received is a clear and convincing reason to reject his subjective complaints. 10

2. Work history 11 A claimant's work record—or lack thereof—can be considered in evaluating a claimant's 12 subjective complaints. See 20 C.F.R. § 416.929(c)(3) ("We will consider all of the evidence 13 presented, including information about your prior work record"); *Thomas*, 278 F.3d at 959 14 (holding claimant's spotty work history prior to claiming disability constituted a clear and 15 convincing reason for discounting testimony). 16 The ALJ indicated that she gave "due consideration to the claimant's work record," noting 17 that Plaintiff had "a steady work record prior to the alleged onset date of disability." (Doc. 12-3 18 at 32.) The ALJ also observed that Plaintiff "reported that he has no intention of ever returning to 19 work." (Id., citing Exh. 12D; 1F/8, 19.) Review of the ALJ's cited records offers limited support 20 for these findings. Exhibit 12D is the "certified earnings record," and does not contain any 21 information regarding Plaintiff's willingness to work. (Doc. 12-6 at 37-39.) However, Exhibit 1F 22 contains Plaintiff's VA psychiatry treatment notes, and indicate that Plaintiff reported at his 23 mental health intake appointment in September 2016 that he "had a rank of E-7 at separation and 24 has no intention of working again." (Doc. 12-8 at 20.) In November 2016, Plaintiff also 25 indicated that he had "no plans on ever joining the work place." (Id. at 9.) 26 On the other hand, at the administrative hearing, Plaintiff stated: "You don't think I've 27 thought about going to work? I've actually tried getting online and looking for a damn job. I 28 lasted about two minutes, before my mind just said go fuck yourself.... I'm not okay. There's

1 something wrong with me.” (Doc. 12-3 at 57.) The ALJ does not address—or even acknowledge
2 — this testimony related to Plaintiff’s intent to work. (See Doc. 12-3 at 32.) Because the ALJ 3
fails to address Plaintiff’s hearing testimony on the topic, the Court cannot find Plaintiff’s “work 4
record” was a clear and convincing reason for rejecting Plaintiff’s testimony concerning the 5
severity of his symptoms. See *Hiler v. Astrue*, 687 F.3d 1208, 1212 (9th Cir. 2012) (an ALJ 6
cannot ignore or omit probative evidence). 7 3. Plaintiff’s level of activity 8 An ALJ is “permitted
to consider daily living activities” in addressing a Plaintiff’s 9 subjective statements. *Burch v.*
Barnhart, 400 F.3d 676, 681 (9th Cir. 2005). Daily activities 10 properly “form the basis for an
adverse credibility determination” when: (1) the daily activities 11 contradict the claimant’s other
testimony or (2) the daily activities meet the threshold for 12 transferable work skills. *Orn v.*
Astrue, 495 F.3d 625, 639 (9th Cir. 2007); *Molina v. Astrue*, 674 13 F.3d 1104, 1112 (9th Cir.
2012) (factors to consider in evaluating a claimant’s statements include 14 “whether the claimant
engages in daily activities inconsistent with the alleged symptoms” and 15 whether “the claimant
reports participation in everyday activities indicating capacities that are 16 transferable to a work
setting”). Here, the ALJ did not make either of the required findings. 17 The ALJ purported to
consider Plaintiff’s “activities of daily living,” and referenced her 18 findings at step two of the
sequential evaluation. (Doc. 12-3 at 32.) At step two, the ALJ noted 19 the “treatment records
indicate [Plaintiff] is independent with his activities of daily living.” (Id. 20 at 28, citing Ex.
2F/52, [Doc. 12-10 at 53] 9F/5 [Doc. 12-21 at 12], 11F/26 [Doc. 12-12 at 84].) 21 The ALJ
concluded that “the weight of the evidence indicates that it is more likely than not that, 22 to the
extent the claimant’s activities of daily living are limited, this is due primarily to non- 23 disability
factors, such as a lifestyle choice, rather than being the necessary consequence of his 24
impairments.” (Id. at 32.) 25 As Plaintiff asserts, the ALJ did not identify any activities of daily
living. Review of the 26 cited treatment records reveals that two simply state that Plaintiff was
“independent with his 27 ADL” and “Independent of his ADL’s,” without specifying the activities
considered. (See Doc. 28 12-10 at 53; Doc. 12-21 at 84.) The other cited evidence—a mental
disorder questionnaire 1 form—indicates that Plaintiff was able to do “household chores,” but did
not specify either the 2 chores performed or the frequency. (Doc. 12-21 at 12.) The ALJ also
observed that Plaintiff was 3 “able to function outside his home by walking regularly, doing yard
work, and going to a casino.” 4 (Doc. 12-3 at 28. [citation omitted].) However, the ALJ again
failed to address the frequency of 5 the activities identified. Indeed, the same mental disorder
questionnaire form cited by the ALJ 6 indicated that Plaintiff only left his house “for necessary
chores,” and that while Plaintiff used to 7 enjoy running or walking, he could not “motivate
himself to leave the house to exercise.” (Doc. 8 12-21 at 12.) 9 Previously, this Court found error
when the ALJ did not identify “activities in the record 10 that would contradict Plaintiff’s reported
symptoms.” *Alfaro v. Kijakazi*, 2023 WL 8021666, at 11 *9 (E.D. Cal. Nov. 20, 2023). In *Alfaro*,
the ALJ stated instead that “the weight of the evidence 12 indicates that it is more likely than not
that, to the extent the claimant’s activities of daily living 13 are limited, this is due primarily to

non-disability factors, such as lifestyle choices, rather than 14 being the necessary consequence of their impairments.” Id. The Court found that due to the lack 15 of specific findings by ALJ, the claimant’s activities were not a clear and convincing reason for 16 rejecting his complaints. Id. Here, the ALJ made the identical finding and her decision suffers 17 the same infirmities as those identified in Alfaro, because the ALJ failed to explain how the 18 limited activities identified conflict with Plaintiff’s subjective complaints concerning the severity 19 of his symptoms. (See Doc. 12-3 at 32.) Further, the ALJ did not make the alternative finding 20 that the activities identified could be transferred to a work setting. Due to the lack of specific 21 findings by the ALJ, Plaintiff’s “daily activities” was not a clear and convincing reason to 22 discount his testimony. See Alfaro, 2023 WL 8021666, at *9. 23 4. Objective medical evidence 24 Consistency with the objective medical evidence was the sole remaining factor considered 25 by the ALJ to address Plaintiff’s subjective statements concerning the severity of his symptoms. 26 (See Doc. 12-3 at 30-32.) In general, “conflicts between a [claimant’s] testimony of subjective 27 complaints and the objective medical evidence in the record” can constitute specific and 28 substantial reasons that undermine ... credibility.” *Morgan v. Comm’r of Social Sec. Admin.*, 169 F.3d 595, 600 (9th Cir. 1999). However, a claimant’s subjective statements concerning the 2 severity of his symptoms “cannot be rejected on the sole ground that it is not fully corroborated 3 by objective medical evidence....” *Rollins v. Massanari*, 261 F.3d 853, 857 (9th Cir. 2001); see 4 also *Burch*, 400 F.3d at 681 (“Although lack of medical evidence cannot form the sole basis for 5 discounting pain testimony, it is a factor that the ALJ can consider in his credibility analysis”). 6 For this reason, the ALJ’s analysis is insufficient. 7 5. Conclusion 8 The Ninth Circuit observed, “The clear and convincing standard is the most demanding 9 required in Social Security cases.” *Garrison v. Colvin*, 759 F.3d 995, 1014 (9th Cir. 2014). Thus, 10 an ALJ must identify “specific reasons for the weight given to the individual’s symptoms,” in a 11 manner “sufficiently specific to allow a reviewing court to conclude the ALJ rejected the 12 claimant’s testimony on permissible grounds and did not arbitrarily discredit the claimant’s 13 testimony.” *Moisa v. Barnhart*, 367 F.3d 882, 885 (9th Cir. 2004). The ALJ failed to carry this 14 burden, and the Court is unable to conclude substantial evidence supports the ALJ’s decision. 15 Therefore, the Court declines the findings of the magistrate judge related to the evaluation of 16 Plaintiff’s subjective complaints. 17 B. Opinion of Ms. Carapezza, LCSW 18 Under the regulations in place at the time Plaintiff filed his application, licensed clinical 19 social workers, such as Ms. Carapezza, did not qualify as acceptable medical sources. See 20 *Delegans v. Berryhill*, 766 Fed. App’x 477, 480 (9th Cir. 2019) (acknowledging that the licensed 21 clinical social worker qualified as an “other source” under the prior regulations). Rather, licensed 22 clinical social workers were evaluated in the same manner as “lay witnesses.” See *Molina v. Astrue*, 674 F.3d 1104, 1111 (9th Cir. 2012) (identifying the different standards for an ALJ to 24 reject the opinions from acceptable medical sources compared to “other sources”). As such, the 25 ALJ was required to identify reasons “germane to the witness” when rejecting the opinion of a 26 LCSW. See *Delegans*, 766 Fed. App’x at 480 (with an

application filed prior to March 27, 2017, the Court found no error in the ALJ's rejection of testimony from a licensed clinical social worker because the ALJ provided germane reasons for discounting the opinion). 1 The ALJ gave "little weight" to the opinion of Ms. Carapezza. (Doc. 12-3 at 32.) The 2 ALJ explained the weight given by stating: 3 Ms. Carapezza is not an acceptable medical source (20 CFR, 404.1527(f)). More significantly, her opinion is neither supported by 4 nor consistent with the preponderance of the evidence. Ms. Carapezza expressly based her opinion upon the claimant's self-reported 5 limitations, including his purported inability to pay attention for the duration of one-hour television programs and his purported anger 6 episodes, particularly towards authority figures. However, as is explained above, such abnormalities are not documented in the case 7 record. For example, the claimant's treatment records do not document any persistent deficits with attention or concentration. He 8 merely had difficulty with the serial sevens task during one examination. Similarly, although he has reported significant social 9 deficits, he has not displayed any serious social abnormalities upon examination and, by his own report, is able to function in such social 10 settings as a casino. Accordingly, the statement of Ms. Carapezza is given little weight as opinion evidence. 11 12 (Id.) The parties dispute whether the reasons identified by the ALJ are proper "germane" reasons. 13 (Doc. 18 at 11-13; Doc. 21 at 8-10.) 14 1. Status as an "other source" 15 The ALJ first considered that Ms. Carapezza did not qualify as an "acceptable medical 16 source" under the regulations. However, this reason alone cannot qualify as a "germane reason" 17 to reject the limits she identified. For example, in *Haagenson v. Colvin*, 656 Fed. App'x 800, 802 18 (9th Cir. 2016), the sole reason given for rejecting the opinion of an "other source" was that the 19 nurse was not considered an acceptable medical source. The Ninth Circuit explained this notion 20 is already presumed by regulation and is, therefore, not a germane reason on its own for rejecting 21 the opinion. *Id.* Thus, the ALJ could reject the opinion of Ms. Carapezza only provided she 22 identified other, proper reasons for doing so. 23 2. Basis on Plaintiff's statements 24 It appears that the ALJ rejected the opinion, in part, for being based upon Plaintiff's 25 subjective statements. When an ALJ identifies clear and convincing reasons for rejecting a 26 claimant's subjective complaints, and lay testimony was similar to such complaints, it follows that 27 the ALJ also identified germane reasons for rejecting the lay witness testimony. *Valentine v. Comm'r of Soc. Sec. Admin.*, 574 F.3d 685, 694 (9th Cir. 2009). However, to the extent the ALJ 1 rejected the statements of Ms. Carapezza because they were based upon the subjective complaints 2 the ALJ rejected, the reasons identified were not "clear and convincing." As a result, the reliance 3 upon Plaintiff's subjective statements was not a proper germane reason for rejecting the opinion 4 of Ms. Carapezza. 5 3. Inconsistency with the medical record 6 The Ninth Circuit determined that "inconsistency with other medical records is a germane 7 reason to reject the opinion of a non-acceptable medical source." *Green v. Berryhill*, 731 Fed. 8 App'x. 596, 599 (9th Cir. 2018), citing *Molina v. Astrue*, 674 F.3d 1104, 1112 (9th Cir. 2012); 9 *Bayliss v. Barnhart*, 427 F.3d 1211, 1211 (9th Cir. 2005) ("inconsistency with medical evidence 10 is one [germane] reason"). However,

Ninth Circuit courts have criticized the rejection of lay witness statements on the grounds that the statements are inconsistent with the medical record, particularly where the ALJ fails to specifically identify the inconsistencies. See, e.g., *Feeney v. 13 Colvin*, 2014 WL 463798, *7 (E.D. Cal. Feb. 4, 2014) (acknowledging “inconsistency with the 14 medical evidence may be a reason to reject lay witness testimony,” but finding substantial 15 evidence did not support the ALJ’s analysis of the lay witness testimony where the ALJ did not 16 identify “what evidence contradicts” the lay witness statement); *Noa v. Berryhill*, 2018 WL 17 1696819 at *7-8 (N.D. Cal. Apr. 6, 2018) (finding error where the ALJ failed to identify the 18 inconsistency). 19 The ALJ indicated that medical evidence contradicted the opinion of Ms. Carapezza, such 20 as her opinion related to Plaintiff’s limitations with concentration and attention. (Doc. 12-3 at 21 32.) The ALJ observed that “such abnormalities are not documented in the case record” and 22 “treatment records do not document any persistent deficits with attention or concentration.” (Id.) 23 However, the ALJ does not cite any treatment records to support her conclusion and does not 24 discuss such evidence elsewhere in her decision.² On the other hand, a treatment note indicates 25 that when Plaintiff complained of difficulty with concentration and short-term memory, his 26 memory was “not formally assessed” by the provider. (Doc. 12-22 at 371.) Furthermore, as the 27 2 Although the magistrate judge referenced two treatment records with findings related to Plaintiff’s attention and 28 concentration (see Doc. 23 at 12), such records were not identified by the ALJ. 1 ALJ plainly acknowledges, Plaintiff had difficulty with “serial sevens” during an examination. 2 (Doc. 12-8 at 25; Doc. 12-23 at 665.) The Court is unable to find inconsistency with the “case 3 record” is a proper germane reason to reject the limitations Ms. Carapezza identified, including 4 those related to attention and concentration. 5 C. New evidence before the Appeals Council 6 Although neither party filed objections related to the magistrate judge’s findings 7 concerning the new evidence before the Appeals Council, the Court reviewed the findings as part 8 of its review of the entire matter. Importantly, the Court’s review of the matter revealed error in 9 the analysis related to the presentation of evidence before the Appeals Council. 10 The magistrate judge found, “The Appeals Council has already considered [the new] 11 evidence and found that it does not provide a basis for changing the ALJ’s decision.” (Doc. 23 at 12 14.) Significantly, the word “considered” is “a term of art” when addressing actions taken by the 13 Appeals Council. *Hensley v. Comm’r of Soc. Sec.*, 2022 WL 891289, at *11 (E.D. Cal. Mar. 25, 14 2022) (citation omitted), affirmed by *Hensley v. Kijakazi*, 2023 WL 4700635 (9th Cir. July 24, 15 2023). The Ninth Circuit distinguishes between evidence the Appeals Council formally 16 “considered” and evidence it merely “looked at” to determine whether the additional evidence 17 was incorporated into the record. “[W]hen the Appeals Council considers new evidence in 18 deciding whether to review a decision of the ALJ, that evidence becomes part of the 19 administrative record, which the district court must consider when reviewing the Commissioner’s 20 final decision for substantial evidence.” *Brewes v. Comm’r Soc. Sec. Admin.*, 682 F.3d 1157, 21 1163 (9th Cir. 2012) (emphasis added). In contrast, when the Appeals Council “only looked at 22 the evidence, and determined it

did not meet the [Social Security Regulations'] standard for 23 consideration ... the new evidence did not become part of the record, and [the court] may not 24 consider it." *Amor v. Berryhill*, 743 Fed. App'x 145, 146 (9th Cir. 2018) (emphasis added). 25 The record shows that the Appeals Council did not "consider" the evidence as the 26 magistrate judge indicated, but rather the Appeals Council "looked at" the new evidence and 27 found it "does not show a reasonable probability that it would change the outcome of the 28 decision." (Doc. 12-2 at 12-3 at 6.) The Appeals Council explicitly stated it "did not exhibit this 1 evidence." (Id.; see also Doc. 12-2 at 1 [identifying the new evidence under the "Court Transcript 2 Index," rather than the "Exhibits"].) This Court previously explained: "The fact that the Appeals 3 Council stated the opinion would not likely change the outcome of the ALJ's decision does not 4 dictate" that a conclusion that it considered the evidence. *Hensley*, 2022 WL 891289, at *13; see 5 also *Matias v. Saul*, 2021 WL 531238, at *5 n.10 (D. Haw. Feb. 12, 2021) (observing that "it is 6 well within the Appeals Council's ability[] to look at additional evidence to determine whether 7 the evidence should be part of the record; but, if the council determines the evidence is not 8 properly before it, to decide whether or not to review the ALJ's decision without relying on the 9 additional evidence"). Because the Appeals Council looked at the evidence and did not exhibit it, 10 the Court in turn "may not consider it" when evaluating an ALJ's decision. *Amor*, 743 Fed. 11 App'x at 146; *Hensley*, 2022 WL 891289, at *13 (considering identical statements from the 12 Appeals Council and finding it "looked at" the evidence). For this reason, the Court declines to 13 adopt the findings related to this issue.³ 14 D. Remand for further proceedings 15 The decision whether to remand a matter for further proceedings pursuant to sentence four 16 of 42 U.S.C. § 405(g) or to order immediate payment of benefits is within the discretion of the 17 district court. *Harman v. Apfel*, 211 F.3d 1172, 1178 (9th Cir. 2000). Except in rare instances, 18 when a court reverses an agency determination, the proper course is to remand to the agency for 19 additional investigation or explanation. *Moisa*, 367 F.3d at 886 (citing *INS v. Ventura*, 537 U.S. 20 12, 16 (2002)). 21 The ALJ failed to identify legally sufficient reasons to reject Plaintiff's subjective 22 statements, which impacted the residual functional capacity determination. A remand for further 23 proceedings regarding the subjective statements of a claimant is an appropriate remedy. *Bunnell*, 24 947 F.2d at 348 (affirming a remand for further proceedings where the ALJ failed to explain with 25 sufficient specificity the basis for rejecting the claimant's testimony); *Byrnes v. Shalala*, 60 F.3d 26 639, 642 (9th Cir. 1995) (remanding the case "for further proceedings evaluating the credibility of 27 3 In light of the determination that remand is appropriate, the Court declines to make additional findings regarding 28 whether the Appeals Council should have, in fact, considered the evidence. 1 || [the claimant's] subjective complaints..."). Likewise, remand is appropriate for an ALJ to 2 || properly evaluate the lay witness testimony from Ms. Carapezza. See *Dodrill*, 12 F.2d at 919 3 || (remanding the matter for the ALJ to "articulate specific findings" for rejecting the testimony of 4 | an "other source" lay witness). Thus, remand for evaluation of the testimonial evidence is 5 || appropriate in this action. 6 | VI. Conclusion and Order 7 According to 28 U.S.C. § 636 (b)(1), this

Court conducted a de novo review of the case. 8 | Having carefully reviewed the entire matter, the Court finds the ALJ failed to apply the proper 9 || legal standards to evaluate Plaintiff's subjective statements and the opinion of Ms. Carapezza. 10 || Because the must be remanded, the Court declines to adopt the recommendations. See, e.g., 11 || Bunnell, 947 F.2d at 348; Dodrill, 12 F.2d at 919. Thus, the Court ORDERS: 12 1. The Court declines to adopt the Findings and Recommendations (Doc. 23). 13 2. Plaintiff's motion to remand (Doc. 18) is GRANTED. 14 3. The Commissioner's request to affirm (Doc. 21) is DENIED. 15 4. The matter is REMANDED pursuant to sentence four of 42 U.S.C. § 405(g) for 16 further proceedings consistent with this decision. 17 5. The Clerk of Court is directed to enter judgment in favor of Plaintiff Eduardo Felix 18 and against Defendant Frank Bisignano, Commissioner of Social Security, and to 19 close this case. 20 IT IS SO ORDERED. 22 | Dated: _September 25, 2025 Charis [Tourn
TED STATES DISTRICT JUDGE
23 24 25 26 27 28 16